

June 1, 2004

UNDER THE DOME

*****Hypocrisy on Display*****

There are certain issues that distinguish political parties from one another and help detail the political spectrum. For example, Democrats are typically viewed as “pro-labor.” One need look no farther than their recent advocacy for an increase in California’s minimum wage. So, ask yourself which party in Sacramento is making a big stink about the contracts negotiated with the state’s Correctional workers. In a fit of hypocrisy, the Senate Democrats have signed a letter saying they will not pay the Correctional workers what their contract spells out. If the Republicans were to object to a particular labor contract and refuse to support a legal, valid, negotiated labor contract, Democrats would be spitting bullets, but not this contract and not this time.

If the Senate Democrats wanted to be intellectually honest about this exercise, they would say that the state’s fiscal crisis requires the state to re-examine the contracts for all employee unions. However, singling out one union and unilaterally disallowing their contract reeks of a political agenda beyond a labor issue.

*****How to Shrink*****

The additional problem with halting pay increases is that it accomplishes little to balance the state budget in the long run. Imagine that Correctional officers forgo the pay increases already due them from the existing contract. Those increases will be restored eventually and when they are, a huge budget increase will occur. What is truly needed is not a temporary salary diet, but a serious liposuction of state employees. We have bloated bureaucracy upon bloated bureaucracy. Until we cut out the fat, and redistribute the remaining lean, we will continue to face burgeoning state spending and budget crises beyond any employee contract. Senate Democrats need to face this reality and begin seriously rethinking their approach to state services rather than tinker at the margins and settling old scores because of perceived political convenience.

*****Plant a Vineyard*****

Last week was one of the sillier in the Capitol as legislators rushed to meet deadlines. Many bills that were not-ready-for-prime-time passed anyway and although the temperatures in Sacramento were mild, tempers flared as if the heat of summer were already upon us. Some legislators came to the floor wearing aprons and stickers featuring a red M as a protest to a pastor’s discussion about whether women with children

at home should serve in the legislature. Some Republicans turned their red Ms upside down to be Ws, signifying their support for the President. Others sought to make light of the controversy, turning the stickers sideways to represent the fifth letter of the Greek alphabet Epsilon, a mathematical concept meaning very small, negligible or insignificant.

At issue is the pastor's interpretation of Proverbs 31. I have always read that chapter as an explanation of virtuous woman and, thus, a good wife. Among the qualities expounded on are strength, kindness, charity, confidence, honor, wisdom and attention to her household and children. The passage that intrigues me is verse 16, which says, "She considereth a field, and buyeth it: with the fruit of her hands she planteth a vineyard." While planting a vineyard can be metaphorical, it seems very practical in this case. The woman in Proverbs 31 had her own money, used it to buy land, and then worked the land successfully. There is much there for every woman to learn about God's plan for her life and it is folly for anyone to believe that every woman must follow an identical path.

ECONOMIC FOCUS

*****Kudos on Commentary*****

Commendation to the Inland Valley Daily Bulletin for an outstanding editorial (<http://www.dailybulletin.com/Stories/0,1413,203~23127~2178123,00.html>) about why taxing the internet is silly. The Bulletin, comparing its tale to Aesop's golden-egg-laying goose, writes, "Once upon a time, the golden state of California had it all: a thriving economy, bountiful natural resources and rich intellectual capital... Then, one day, some of the lords of California had a foolish idea: 'We will squeeze the Internet business and get all the gold now so that we can continue to spend the state's dollar recklessly for our own benefit and the benefit of our friends. But the squeeze on the Internet business was too hard, and it snapped the industry's neck, chased it away to other states and nations, as it did the film industry before that. Afterward, there was not more gold for California from that particular source, and it was bad.'" The Bulletin concludes, rightfully so, that an internet tax is "unenforceable, arguably unconstitutional and good for nothing more than turning most taxpaying Californians into criminals."

*****We're Not In Kansas****

Forbes magazine just published its "Best Places" issue and asked the question, "Where should you locate new businesses and subsidiaries?" The answer is simple: "In states with the fewest regulatory body blocks and fiscal obstacles." Using a study done by the Pacific Research Institute (see <http://www.pacificresearch.org/centers/cfe/index.html>), Forbes evaluated 143 variables for each state, including tax rates, state spending, occupational licensing, environmental regulations, income redistribution, right-to-work and prevailing-wage laws, tort laws and the number of government agencies.

Kansas ranked first, as the most free, and the article noted that the state's "legislature is now considering innovative bills exempting custom software from sales taxes and eliminating the state franchise tax for most businesses -- a serenade to entrepreneurial ears."

Giving new meaning to the pop-culture phrase, "We're not in Kansas anymore," California came in 49th. Forbes observed that the Golden State is one of the "most punitive policy environments for economic opportunity."

***** Slight Increase in Property Values Sign of Health for State*****

Pursuant to Article XIII of the Constitution, the Board sets unitary values of state-assessed properties annually, on or before May 31. This year, the aggregate value, as determined by the Board, is \$65,938,381,400 vs. \$64,709,537,782 in 2003, an increase of about 2% in the value of all state assessed properties.

BOE AND LEGISLATIVE DATES

June 15, 2004 --- Budget bill must be passed by midnight

June 15, 2004 --- Quarterly due date for estimated income taxes

June 15-16, 2004 --- BoE meeting in Culver City

June 19, 2004 --- Juneteenth Celebration of the historic time in 1865 that slaves in Texas received the word that President Lincoln had issued the Emancipation Proclamation on January 1st, 1863 making them free.

June 24, 2004 --- Deadline for submission of legislative measures to November ballot.

July 2, 2004 --- Legislature's summer recess begins, providing a budget bill has been enacted.

NOTABLE DATES/ HISTORY

150 years ago: El Monte, on the banks for the San Gabriel River, was playing a significant role in our state's pioneer history. By 1854 it was known as the 'End of the Santa Fe Trail.' It was an encampment on the Old Spanish Trail, which was an extension of the trail from Missouri to Santa Fe. Immigrants from Texas established a permanent settlement, the first settlement in Southern California founded by U.S. citizens.

June 1, 1789 --- First U.S. Congressional act became law (on administering oaths)

June 1, 1869 --- Thomas Edison received a patent for his electric voting machine

June 2, 1924 --- U.S. citizenship was granted to all American Indians.

June 3, 1800 --- John Adams moved to Washington, D.C. He was the first President to live this capital city of the United States.

June 4, 1892 --- The Sierra Club was incorporated in San Francisco.

June 4, 1919 -- The U.S. Senate passed the Women's Suffrage bill.

June 4, 2003 --- The U.S. House of Representatives passed a bill banning partial birth abortions on a 282-139 vote.

June 5, 1917 --- 10 million U.S. men began registering for draft in WW I

June 5, 1977 – The first personal computer, the Apple II, was available for sale

June 6, 1928 --- George Deukmejian, 35th Governor of California, born in Menands, NY

June 6, 1932 --- U.S. federal gas tax enacted

June 6, 1944 --- D-Day: 150,000 Allied Expeditionary Force landed in Normandy, France

June 6, 1978 --- California voters approve Proposition 13, cutting property taxes 57%

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office, call toll-free 1-888-324-2798.

HOW TO CONTACT ME

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